

VZCZCXRO5355
PP RUEHBI RUEHCI RUEHLH RUEHPW RUEHRN
DE RUEHLM #1056/01 3270438
ZNR UUUUU ZZH
P 230438Z NOV 09
FM AMEMBASSY COLOMBO
TO RUEHC/SECSTATE WASHDC PRIORITY 0812
INFO RUEHKA/AMEMBASSY DHAKA 2081
RUEHIL/AMEMBASSY ISLAMABAD 9109
RUEHKT/AMEMBASSY KATHMANDU 7351
RUEHNE/AMEMBASSY NEW DELHI 3506
RUEHPF/AMEMBASSY PHNOM PENH 0094
RUEHCG/AMCONSUL CHENNAI 9672
RUEHKP/AMCONSUL KARACHI 2584
RUEHCI/AMCONSUL KOLKATA 0461
RUEHLH/AMCONSUL LAHORE 0097
RUEHBI/AMCONSUL MUMBAI 6966
RUEHPW/AMCONSUL PESHAWAR 0380
RUEHRN/USMISSION UN ROME
RUEHRC/DEPT OF AGRICULTURE WASHDC
RUCNDT/USMISSION USUN NEW YORK 1322
RUEATRS/DEPT OF TREASURY WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC

UNCLAS SECTION 01 OF 02 COLOMBO 001056

SENSITIVE
SIPDIS

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E.O. 12958: N/A

TAGS: [EAGR](#) [ECON](#) [IO](#) [AID](#) [CE](#)

SUBJECT: FOOD SECURITY IN SRI LANKA: A "GROWING" PROBLEM

REF: A. STATE 107298

[1](#)B. GROUT - RENZULLI EMAIL 11/10/09

[1](#)C. COLOMBO 878

[1](#)1. (SBU) SUMMARY: Sri Lanka continues to focus attention on food security and is taking some actions to increase production on the island. Post-harvest losses remain a particular problem. The government is encouraging farmers to modernize production and transport techniques, but is hindered by poor communication networks, a lack of coordination, corruption, and other issues. Despite some improvements, the overall agricultural policy in the country remains counter-productive and protectionist, something unlikely to change in the near-term. END SUMMARY.

[1](#)2. (U) ECONOFF met with Ms. Janaki Kuruppu, who is Director of the President's Office and the Chair of Sri Lanka's inter-ministerial working group on food security, to deliver Ref A points and discuss the government's thoughts on food security. Kuruppu expressed her disappointment with not being informed of the location change for the food security meeting held at UNGA since she had changed her return flight to Sri Lanka in order to participate. She did offer to share the Secretary's food security goals with other members of the working group and to request that members consider food security meetings during official travel to Washington (Ref B). The country was hard-hit by the global food crisis in summer 2008 when a number of its important trading partners for basic foodstuffs cut off their exports to the island. Food shortages and price inflation were rampant, and the GSL is looking at ways to ensure its people are better insulated against such swings.

[1](#)3. (SBU) Kuruppu mentioned that she had just met with Mr. Ken Marsh of the Woodstock Institute for Science in Service to Humanity (www.wissh.org), an NGO trying to gain support for an international initiative to focus on post-harvest losses. According to Marsh, post-harvest agricultural losses range from 10 to 60 percent globally and Kuruppu noted that Sri Lanka loses roughly 40 percent of its post-harvest produce due to poor transportation and storage methods. Kuruppu emphasized that Sri Lanka actually produces enough to feed

itself but is doing poorly at protecting it produce from spoilage and loss, costing the country \$120 million annually.

Efforts are underway to encourage farmers and transporters to utilize new storage and transport techniques to limit loss, but Kuruppu noted that many are slow to adapt. She also complained that "corrupt middle men" are hindering progress. She gave an example where police closed a store selling new containers at the bidding of their competitors, traditional packaging interests.

¶4. (U) Kuruppu noted that the working group plans to include funds in the 2010 budget for the development of a system to share information on all aspects of agriculture including production, pricing, available stocks and pest/disease eradication for farmers. (NOTE: The budget will not be presented before the parliamentary elections in Sri Lanka, expected in April 2010. The GSL is planning to operate under a continuing resolution-type funding program until then. END NOTE.) President Rajapaksa, currently the Chairman of the South Asian Association for Regional Cooperation (SAARC) recently urged SAARC countries to create a "buffer stock" that could be distributed among its members. His proposal was accepted, however the modalities of such a program remain vague.

¶5. (U) Many government agencies handle food security issues in Sri Lanka (Ref C) making coordination and cooperation difficult and causing additional problems. For example, Kuruppu complained about a recent Agriculture Ministry decision to ban cows from drinking water "reserved" for

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irrigation which led to a drop in milk production. (NOTE: Increasing milk production is a key GSL food security goal. END NOTE.) During last year's crisis, consumers faced a severe shortage of milk powder imported from Australia (which was enjoying nearly a 90 percent market share at the time, according to Kuruppu). Prices increased as much as 500 percent and consumers could no longer afford milk powder, affecting the nutritional needs of especially vulnerable populations like nursing mothers and young children. There are, Kuruppu noted, many similar examples of rampant price jumps and is the reason for the GSL's attempts at addressing the problem.

¶6. (SBU) Unfortunately, in its quest to increase domestic food production, Sri Lanka is protecting uncompetitive domestic markets from foreign imports, causing consumers to pay more for less. Kuruppu argued that the country is not a prohibitive or closed economy for agricultural imports -- despite the often 100 plus percent tariffs imposed on certain imported food items and the burdensome regulatory scheme regulating food imports -- but rather that it is attempting to strike a balance between imports and domestic production incentives. She then pointed to a recent government decision to reduce taxes on 13 essential items such as lentils, dhal, onions and other commodities which is expected to save the average Sri Lankan consumer "2000 Rupees (roughly \$18) a month." (NOTE: This is widely considered to be an election year ploy rather than having any relation to the food security issue. END NOTE.)

¶7. (SBU) COMMENT: Food production in Sri Lanka has increased marginally, and is expected to continue with the post-conflict North and East reopening. However, Sri Lanka's restrictive land policy does not permit free transfer of lands, and no serious effort is under consideration to open up arable lands for large-scale farming. Clear policies, land issues, and a framework to attract greater private sector participation in agriculture is lacking and private companies are reluctant to invest in R&D in the absence of such an environment. Without fundamental changes to its overall agricultural policies, Sri Lanka's food security is unlikely to dramatically improve. END COMMENT.

FOWLER